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SUBJECT: Calderon's Environmental Agenda: Policy and Promises

SUMMARY

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**¶11. (U) SUMMARY:** President Calderon's environmental agenda, released with the 2007-2012 National Development Plan, is organized around an ambitious principle of environmental sustainability. The agenda aims to promote efficient and rational use of natural resources, a competitive economy, and job generation without endangering the environmental heritage of future generations. To date, however, Calderon has yet to implement the basic tools necessary to execute and enforce these environmental goals. End summary.

**¶12. (U)** Calderon sees himself as an outspoken champion of climate change. His leadership in international negotiations and domestic policy on this issue are widely acknowledged both in Mexico and abroad. However, his administration has struggled to address the broader environmental agenda, which includes water use, biodiversity, sustainable forest management, wildlife management, hazardous waste, scientific research and environmental education. Most critically, Calderon's environmental strategy has fallen short on policy and program implementation. His environmental agencies have failed to develop the expertise and financing necessary to enforce environmental law and achieve his long-term objectives.

Enforcement

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**¶13. (U)** In January 2008, President Calderon appointed Patricio Patron Laviada as head of the Environmental Attorney's Office (PROFEPA). A member of Calderon's National Action Party (PAN), Patron Laviada's tenure as governor of Yucatan has been criticized for a lack of expertise and for placing economic interests above environmental protection. Last August, the Mexican press held him responsible for allowing the illegal construction of an exclusive hotel in a mangrove on an environmentally fragile Caribbean island. Patron's defenders point out that after his PROFEPA appointment, he closed hotels constructed in protected areas in the state of Quintana Roo and halted illegal beach recovery projects in Cancun. However, many have interpreted Patron's actions more as political revenge against Quintana Roo's governor, who supported the opposition Institutional Revolutionary Party (PRI), than environmental stewardship.

¶4. (U) As a result of this controversy and other environmental issues, academics, congressmen and NGOs have called for improved environmental enforcement at every level of government. Some environmentalists have advocated that PROFEPA should abandon its traditionally administrative role to become an autonomous independent organization with real judicial independence. Left-wing congressmen recently proposed that the environmental attorney become an elected post, rather than a presidential appointment.

#### Environmental Costs vs. Environmental Expenditure

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¶5. (U) According to the National Institute of Statistics and Geography (INEGI), environmental costs of economic activities such as mining, transportation, agriculture and livestock from 2003 to 2006 averaged 8.8 percent of GDP, equivalent to USD 69 billion. In contrast, during the same period, the federal and local governments spent an average of only USD 4.5 billion on environmental

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protection, equivalent to 0.6 percent of GDP. In 2009, the federal budget allotted USD 1.015 billion for environmental conservation, 52 percent of which was allocated to water supply and sanitation through the National Water Commission (CONAGUA). The remaining 48 percent funded the rest of the programs and agencies within the Secretariat of Environment and Natural Resources (SEMARNAT).

¶6. (U) To reduce environmental costs, Calderon will have to provide economic disincentives to environmentally harmful practices, such as those employed by illegal developers, and decrease wasteful subsidies. Persistent gasoline subsidies have encouraged fossil fuel consumption and discouraged development of efficient public transportation. Artificially low water prices have discouraged efficient use of water for agriculture, human consumption, and industrial use.

#### Natural Protected Areas

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¶7. (U) Natural protected areas in Mexico remain vulnerable due to lack of funding, coordination, and support. For example, Mexico enjoyed a notable increase in newly-designated protected areas during the previous and current administrations, many of which were decreed under international recognition categories, such as Ramsar (Convention on Wetlands of International Importance) and World Heritage sites. However, many of these protected areas lack funding for long-term management and upkeep. SEMARNAT's Commission of Natural Protected Areas (CONANP) manages 173 natural areas totaling over 60 million acres. The fact that only a small percentage of these areas have designated staff and equipment has never been formally addressed by CONANP's director.

¶8. (U) Lack of coordination among government programs and enforcement mechanisms has also stymied Calderon's sustainability goals for natural areas and wildlife. For example, responsibility

for endangered species has been split between CONANP's Action Program for Species Conservation and SEMARNAT's Priority Species Program. The result is long-standing confusion about which agency is responsible for key decisions. The negative impact of this confusion is well-illustrated by the case of the Mexican wolf. This endangered species has long been ready for a controlled reintroduction, but an ongoing conflict between the agencies about the most optimal release site has delayed the program indefinitely.

**¶9.** (U) The fate of natural protected areas in Mexico is intertwined with the status of Mexico's poor indigenous communities, which are often owners of vast natural resources. Expert technical support and cultural understanding is necessary to effectively enforce environmental regulations in indigenous areas. In the past, the GOM has simply paid communities to stop exploiting their forests and marine resources. However, without proper re-training or education, the members of these communities were unable to find alternative sources of income. Government handouts were quickly spent, and communities returned to their previous harmful methods of fishing and logging. Unlike former Environment Secretary Julia Carabias (1994-2000), who was successful in implementing environmental programs by merging academic efforts and public policy, the Calderon administration has not tapped the necessary expertise to implement policies tailored to the complex needs of poor indigenous communities.

**¶10.** (U) At the request of CONANP, the US Agency for International Development (USAID) supports efforts to diversify sources of income for populations living within protected areas and to help generate incentives for ecosystem protection. USAID also assists with the preparation of a pilot project on Reduced Emissions from Deforestation and Degradation that is anticipated to become a new mechanism for payment for environmental services. In addition, in

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response to a request from CONANP, USAID is supporting the strengthening of the existing legal framework for management of protected areas, including assistance in developing official norms regulating mining and tourism activities within these zones.

Loss of Mexican forests

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**¶11.** (U) Over the past fifteen years, Mexico has developed some successful policies that support conservation, ecotourism, and the sustainable use of forests. Nonetheless, deforestation continues to have a devastating effect upon the country's landscape. Mexico has lost 27 percent of its original vegetation, and one-third of the remaining vegetation is in recovery after initial deforestation.

**¶12.** (U) One of President Calderon's most visible efforts to combat deforestation is the creation of the ProArbol (ProTree) program. The primary mission of the program is to plant more trees in Mexico. However, while the United Nations credits Calderon with planting 250 million trees in 2007, Greenpeace reports that only ten percent of those trees survived. Experts have called for a change in the way that ProArbol's success is measured: from simply counting the number of individually planted trees to measuring the square footage of robustly restored forests. The former head of the National Forestry Commission (CONAFOR) in charge of ProArbol resigned last March in the face of strong criticism. The new

director, Manuel Rojo, announced revised rules for 2010, which will favor forest conservation and restoration. He will be forced to work with a reduced budget of USD 25.5 million in 2010 due to lawmakers' skepticism regarding ProArbol's results.

**¶13.** (U) Mexico's forests have tremendous economic potential. However, Mexico's production of timber goods fell significantly from 9.4 million to 6.5 million cubic meters in 2005, and has not recovered. Mexico's growing domestic demand for timber goods is increasingly met with imports, contributing to a widening commercial deficit (estimated at USD 5.8 billion in 2008). Key obstacles to a more competitive forestry sector include red tape, massive subsidies that make agricultural activities more profitable than forestry (and which therefore indirectly encourage land use change), a large illegal timber products market, and a lack of infrastructure and financing for sustainable forestry activities. At CONAFOR's request, USAID is developing a set of recommendations to improve existing public policies and programs that aim to stimulate production from sustainably managed forests.

**¶14.** (U) COMMENT: Calderon has achieved some limited victories on his environmental agenda. He has enforced Mexico's participation in major international agreements, including the Convention for Biological Diversity (CBD), the United Nations Framework Convention for Climate Change, the Montreal Protocol, and the Convention for International Trade of Endangered Species (CITES). He has also pioneered a groundbreaking program that gives landowners flexibility in determining their own land conservation plans. However, his administration has suffered more setbacks than successes. For example, Ricardo Medina of the NGO Unidos para la Conservaci????n cites the hasty decentralization of game permits, undertaken with little regard to training or environmental impact, as one of Calderon's greatest environmental failures. Inconsistencies in regulations and criteria among different agencies and, in many cases, among different divisions in one ministry, are also widely regarded as persistent stumbling blocks in this Administration.

**¶15.** (U) The challenges to Calderon's vision of a sustainable nation will extend beyond the daunting task of squeezing funding out of Mexico's strapped budget. It will also require effective management of programs, strict enforcement, collaboration and

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extensive training. Despite the best efforts of USAID and others, Mexico's environmental sustainability will ultimately be dependent upon political will and the ability to recognize the economic value of its natural resources, the value of environmental services and the costs of environmental deterioration and degradation. With his presidency half over and his PAN party severely weakened after congressional elections last July, for Calderon this may be a goal more aspirational than achievable. END COMMENT.

FEELEY